

April 19, 2005- Record Gas Prices Pick the Pockets of Local Families, Small Businesses

RECORD GAS PRICES PICK THE POCKETS OF LOCAL FAMILIES, SMALL BUSINESSES WHILE BIG OIL BANK ACCOUNTS SWELL

-Week Three of Gas Price Crisis in West Virginia!-

WASHINGTON, DC - U.S. Rep. Nick J. Rahall (D-WV) today released an analysis of the impact of higher gasoline prices, showing that the average driver in West Virginia is being hit with an increase of \$249 in the annual cost of driving since last year. This week, the price of a gallon of regular gasoline in West Virginia is averaging about \$2.28, 25 percent higher than this time last year. Rahall said, "The average family might as well just send a weekly check to Big Oil. A 25 percent increase over the last year in West Virginia sums up the Administration's "pay more" energy policy, not just for the average family, but for the average small business as well. Big Oil is tipping consumers upside down and shaking hard while the Administration stands idly by."

A recent report by the Department of Energy predicted gas prices this summer to average 38 cents more this summer than last, peaking nationally at an average of \$2.35 per gallon in May. If gasoline prices remain at current levels, each car will cost West Virginia families about \$249 more to operate this year than in 2004.

SKY-HIGH GASOLINE PRICES SQUEEZING LOCAL FAMILIES AND BUSINESSES IN WEST VIRGINIA

Average Price in April 2004

Current Price

Increase

\$1.83

\$2.28

\$0.45 (25%)

ANNUAL VEHICLE COST IN WEST VIRGINIA

Cost in 2004

Estimated Cost in 2005

Increase

\$1,006

\$1,255

\$249

*According to the U.S. Department of Transportation the average car uses 550 gallons of gasoline per year

The soaring gasoline prices are rippling through the economy and ripping through the budgets of fuel-dependent businesses such as airlines, trucking, and small-fleet businesses such as electricians, plumbers, and florists. Last week, oil prices peaked above \$57 per barrel. Meanwhile, the Administration's energy bill, if it passes, is expected to make little difference in price pressure on the world oil market because it fails to reduce oil dependence in the short or long run.

"Refusing to enroll in a twelve-step oil addiction program, the Administration and Congressional Republican leadership continue to push an energy policy that will increase our foreign oil dependency by 85% over the next twenty years," commented Rahall. "Our Nation's future depends upon an energy plan which lessens oil dependence and utilizes coal, our Nation's most abundant natural resource. The Administration's plan would just make things worse."

Average American families are feeling the squeeze of record-high oil prices particularly hard. Families now are earning less than they did three years ago, making the increase in gas prices difficult to absorb; in fact, the LA Times reported that for the first time in 14 years, growth in wages did not keep up with rising inflation.

Besides gasoline, the increase in oil prices will raise the cost of many products that families depend on, even cereal: General Mills recently increased the price of their cereals by 4.3 percent to make up for higher costs based on oil prices. Unfortunately, analysts do not expect this to be a short-term fluctuation. Last week, the International Monetary Fund forecasted "high and volatile oil prices" in the near future. Also, analysts at Goldman Sachs released a report predicting oil prices rising above \$100 per barrel in the next few years.

In addition to American families, small businesses all over the country are having trouble adjusting the sudden increase in fuel costs. Restaurants have reported adding surcharges to their deliveries for the first time to account for the fuel price increases; landscapers have watched their profits drop as the cost of fuel for their lawnmowers has increased; and small, independent truckers, locked into contracts written before the recent increases, watch with dismay as the price of diesel fuel increases at each gas station they pass.

In 2000, when campaigning for President, then Governor George W. Bush said about gasoline prices, "The President of the United States must jawbone OPEC [Organization of the Petroleum Exporting Countries] members to lower the price. And if in fact there is collusion among big oil, he ought to intercede there as well." In 2000, Bush also said, "What I think the President ought to do is he ought to get on the phone with OPEC and say 'We expect you to open your spigots.'"

Rahall said, "Now, as President, with those options in front of him, he has done nothing but sit by and watch gasoline prices reach record highs. The President's former colleagues in the oil industry are lining their pockets with huge profits coming directly from the commuters in West Virginia and across the Nation. It is clear that taking action to lower gas prices - either by a price fixing investigation, negotiating with OPEC to increase our supply, or some other method - is long overdue, and each day that passes without action hurts West Virginians even more."

"America is paying the piper, which in this case is the OPEC cartel, and the Administration is acting like it enjoys the music. The American people want leadership that will fight price gouging, not coddle it," Rahall concluded.